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C-O-N-F-I-D-E-N-T-I-A-L

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INFORMATION REPORT

PREPARED AND DISSEMINATED BY

CENTRAL INTELLIGENCE AGENCY

COUNTRY

Hungary

SUBJECT

NIKEX, Central Headquarters for Heavy Industry
 Export / Exports of maritime vessels, river
 boats and floating cranes / REPRODUCTION "NIKRODA",
 Secret agency engaged in obtaining contracts, technical

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 National Defense of the United States within the
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SUPPLEMENT TO REPORT #

THIS IS UNEVALUATED INFORMATION

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Nevez Ipari Korpont Export, a Hungarian government agency known by the abbreviation "NIKEX" in Budapest. It was the Central Headquarters for Export of Heavy Industry. NIKEX was active under the Ministry of Foreign Trade prior to World War II; inactive during World War II, and reactivated in 1946 under the same Ministry. From 1946 to 1949, NIKEX was solely responsible for all Hungarian export activity of heavy industry and dealt with war reparations to the USSR. Due to the growth of the Hungarian heavy industry activity, the following additional and separate agencies had to be established by the Ministry of Foreign Trade and were housed in the same building with NIKEX:

- (a) In 1949, Metallimpex was organized to handle the export of all ferrous and non-ferrous metals except chemicals
- (b) In 1951, Technsimex was organized to handle the export of all small, non-precision equipment; such as fans, pumps, diesel engines.
- (c) In 1952, Komplex was organized to handle the export of factory plans and, in some cases, supervised the construction of factories in foreign countries. This Agency had sold plans and supervised construction of factories in Red China and in North Korea.

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2. The NIKEX building formerly housed the Takarek Penztar bank. /See Enclosure (A),
 Budapest, 1:25,000 to identify
 the following points./

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- Point 1: NIKEX Building; address: No 6 Dorottya U, Budapest V
- 2: Dorottya U
- 3: Vaci U
- 4: Szeghenyi Bridge; also known as Lanchid/Chain/ Bridge
- 5: Danube
- 6: Margit Bridge
- 7: Margit Island

C-O-N-F-I-D-E-N-T-I-A-L

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C-O-N-F-I-D-E-N-T-I-A-L

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3. For further identification of the NIKEK building, see Enclosure (B), an overlay of a city plan of Budapest, 1956 showing the following points.

Point 1: Vorosmarty ter [Square]
 2: NIKEK Building on Borottya Utca [Street]
 3: Ministry of Finance
 4: Jozsef Attila Utca [Street]
 5: Roosevelt ter [Square]
 6: Hungarian Academy of Sciences
 7: Danube
 8: Szchenyi Bridge
 9: Kossuth Bridge
 10: Vaci Utca

4. the export of maritime equipment of NIKEK. In 1951-52, 12 oceangoing freighters, 1100 tons with two 600 European HP diesel engines and special hulls for cruising in icy waters with a speed of 11 knots were exported to the USSR. The freighters were made by the Ganz Shipyard in Budapest. The Ganz Shipyard is also known as Gheorghiu Dej. The diesel engines were made by the Lang Gepgyar located on Vaci Utca, Budapest V. In 1952, 16 oceangoing freighters as mentioned above were exported to the USSR. They were made by the Ganz Shipyard and the Obudai Shipyard located on the west bank of the Danube in Budapest. 25X1
The diesel engines were made by the Lang Gepgyar. In 1954, 22 oceangoing freighters of the same type were exported to the USSR and made by the two aforementioned factories. 25X1
The diesel engines were produced by the Lang Gepgyar. 25X1

5. Just after World War II, one oceangoing, 365 passenger ship was exported to Poland. It had two 600 European HP diesel engines by Lang Gepgyar and it was about 49 meters long. Poland paid US \$960 thousand for it. It was made by the Ganz Shipyard. One other had been scheduled for export to Poland but was never made.

6. The following 600-passenger (about 60 meters long), side paddle, river steamers, with boilers totalling 180 square meters of heating surface in each ship were exported to the USSR as indicated: In 1951, 3; 1952, 6; 1953, 9; 1954, 12; 1955, 18, and the same amount scheduled yearly thereafter. The above steamers were made by the Obudai Shipyard. The USSR wanted this firm to also build 2200 ton freighters in 1951-52. A launching platform to handle this type of freighter was completed in 1954 but none had been built as yet. Since 1951, 32 five-ton and 16 combination 50-100 ton floating cranes were exported per year to the USSR. This equipment was made by the Ganz Shipyard. This firm also made one 2200 ton freighter for the USSR just after World War II and one other also destined for the USSR was under construction but not delivered because the USSR did not like the first one. The second, partially completed freighter was rusting away in the firm's yard.

7. There were approximately 500 employees of which 50% were women in 1950. This figure was reduced to 450 employees in 1951 and was never below 400 for the ensuing years. There were about eight engineers and 10-12 specialists permanently assigned. Each Hungarian commercial attache in the USSR, Poland, Rumania, Bulgaria, Czechoslovakia, Berlin, France, the UK, China, North Korea, and Egypt had a NIKEK representative appointed by the Ministry of Interior. Typists earned 780 forints per month. The director earned 3500 forints per month and the department heads earned 2800 forints. The section leaders earned 2100 forints per month.

Specialists if they were graduate engineers earned 1700 forints and 1100 forints (if not an engineer) per month. Employees were given an additional bonus of 15-20% of base pay for Russian language capability; 10-15% of base pay for German, English or French language capability; and 5-10% of base pay for Czech, Rumanian, and all other language capability. 25X1
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8. Enclosure (C), is a sketch, and shows the organization of NIKEK. 25X1

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C-O-N-F-I-D-E-N-T-I-A-L

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Point 1: Ministry of Interior which selects the specialists for foreign service to assist the commercial attaches.

2: Ministry of Foreign Trade which supervises the amount of equipment and allocates the value of equipment to be exported.

3: Director of NIKEK; usually a person of non-technical background with strong Party affiliation and politically reliable.

4: Deputy director.

5: Department head for heavy industry.

6: Department head for miscellaneous equipment

7: Department head for transportation equipment

8: Section head for maritime equipment; 25X1
 25X1

9: Section heads 25X1

10: Specialists, engineers, typists, and other personnel.

9. The building had six floors; brick walls; tile, gable roof; had a courtyard in the center of building with a large room covered with a skylight roof; the sixth floor covered only a portion of the southwest corner of the building and thereby was easily distinguishable. [See Enclosure (D), a sketch of the NIKEK Building with the following points:] 25X1

Point 1: Main entrance (6 Dorettya Utca)

2: Chauffeurs' Room

3: Unknown 25X1

4: Doctor's office

5: Patients' room; doctor sent patients here for rest periods

6: Foyer

7: Financial consultants' room; rendered advice on export prices

8: Advertising room for NIKEK

9: Same as # 7

10: Office supplies

11: Stockroom for office equipment

12: Chief bookkeeper for KOMPLEX

13: Bookkeeping section for KOMPLEX

14: Finance section for KOMPLEX

C-O-N-F-I-D-E-N-T-I-A-L

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C-O-N-F-I-D-E-N-T-I-A-L

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Point 15: Office for KOMPLEX

16: Office which handled oil refinery and chemical plant activity

17: Same as # 13

18: Offices for KOMPLEX

19: Advertising room for KOMPLEX

20: Corridor

21: Toilets

22: Cashier for NIKEK

23: Courtyard

24: Stockroom for advertising material

25: Telephone exchange

26: Telephone switchboard; long distance calls were conducted from here and monitored by at least one other person.

27: Toilet

28: Continuously rotating passenger elevator without operator

29: Elevator with operator

30: Foyer

31: Porter

32: Conference Room and Theater; specialists had to talk with foreigners in the presence of another employee.

33: Stage

34: Washroom

(See Enclosure (E), a [redacted] sketch showing the second floor layout of the NIKEK building.)

25X1

Point 1: Deputy director's office for NIKEK

2: Director's stenographer for NIKEK

3: Director's office for NIKEK

4: Engineer's office

5: Reception room for foreign visitors; Party secretary selected the employee to talk to any visitors

6: Same as # 5

7: Conference room where specialists spoke with foreign representatives

C-O-N-F-I-D-E-N-T-I-A-L

C-O-N-F-I-D-E-N-T-I-A-L

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Point 8: Refrigerated room

- 9: Office which handled power plants
- 10: Office of department head for KOMPLEX
- 11: Office of department head (unknown agency)
- 12: Office for Party secretary (NIKEX)
- 13: Chief of personnel (NIKEX)
- 14: Deputy director's office for KOMPLEX
- 15: Director's stenographer for KOMPLEX
- 16: Director's office for KOMPLEX
- 17: Continuously rotating passenger elevator without operator
- 18: Stairway
- 19: Stairway

10. The sixth floor. See Enclosure (F) which is a [] sketch showing the sixth floor layout of the NIKEX building. This floor housed a covert organization called Nehz Ipari Kulker Dan (known by its abbreviation "NIKRODA"). It worked directly with the main office of the Ministry of Foreign Trade. Its purpose was to collect from all the satellite countries technical "know how", inventions, patents, and other secret technical data. The intent of this collection was to exchange technical knowledge among the satellite countries and the USSR; but in reality the information was primarily funnelled to the USSR. [] it collected technical information from the Western countries for the USSR. Its members were carefully screened for Party loyalty. They sent representatives to foreign countries and their passports were obtained directly from the Ministry of Foreign Trade. The entrance to this floor was always locked and had a steel-bar door covered with wire mesh. Its members were highly trained engineers. [] one member [] 25X1

[] was a mechanical engineer in 1949 with Chemikai Gepgray in Budapest; later became Minister of Light Industry and was transferred to Nikiroda. [] 25X1

11. [] 25X1

Janos Ceszter, director of NIKEX in 1949

FNU [] Incze.
Deputy [] born. []

FNU [] Nyerkki.

Janos Sonyi, Mechanical Engineer with KOMPLEX in 1953 and later in the same year became Deputy Minister of Foreign Trade; []

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C-O-N-F-I-D-E-N-T-I-A-L

UNCO

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-6-

25X1

12.

13. [redacted] the Lang Gepgyar in Budapest also manufactured machinery for chemical plants. 25X1

14. During reparations in 1949-52 to the USSR the Hungarian government subsidized up to 200 per cent of cost for the equipment exported. [redacted] NIKEK the cost of the equipment exported to Poland was subsidized by the Hungarian government by 20-45 per cent. A government agency called CHEMOLTIMPEX (location unknown) handled the export of chemicals and raw oils. Another government agency called Mogurt (location unknown) handled the export of automobiles and trucks. [redacted] the Agency had exported Csepel trucks to Poland. 25X1 25X1

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-END-

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C-O-N-F-I-D-E-N-T-I-A-L

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Enclosures: (A) [redacted] 25X1
Budapest [redacted] 1:25,000 25X1

(B) Overlay of a City Plan of Budapest

(C) Memory sketch of the NIKEK organization

(D) Memory sketch of the NIKEK Building, main floor

(E) Memory sketch of the NIKEK Building, second floor

(F) Memory sketch of the NIKEK Building, sixth floor

C-O-N-F-I-D-E-N-T-I-A-L

C O N F I D E N T I A L

19°04'

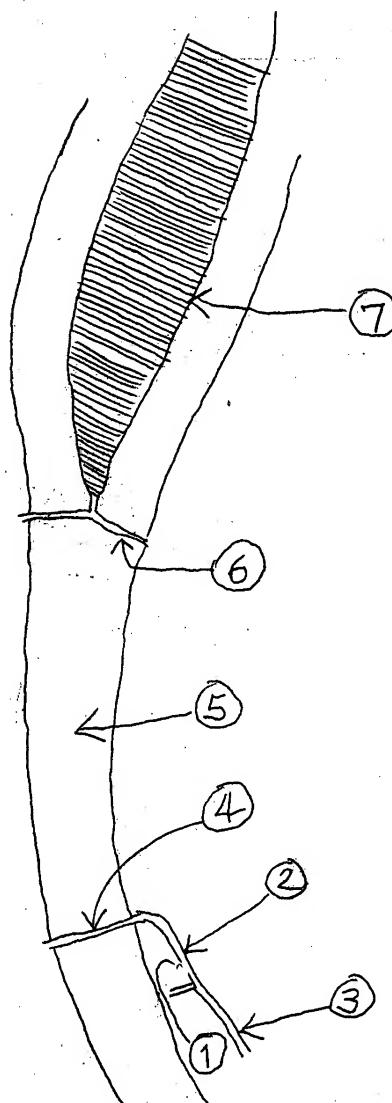
INCLOSURE (A)

47°32'



19°01'

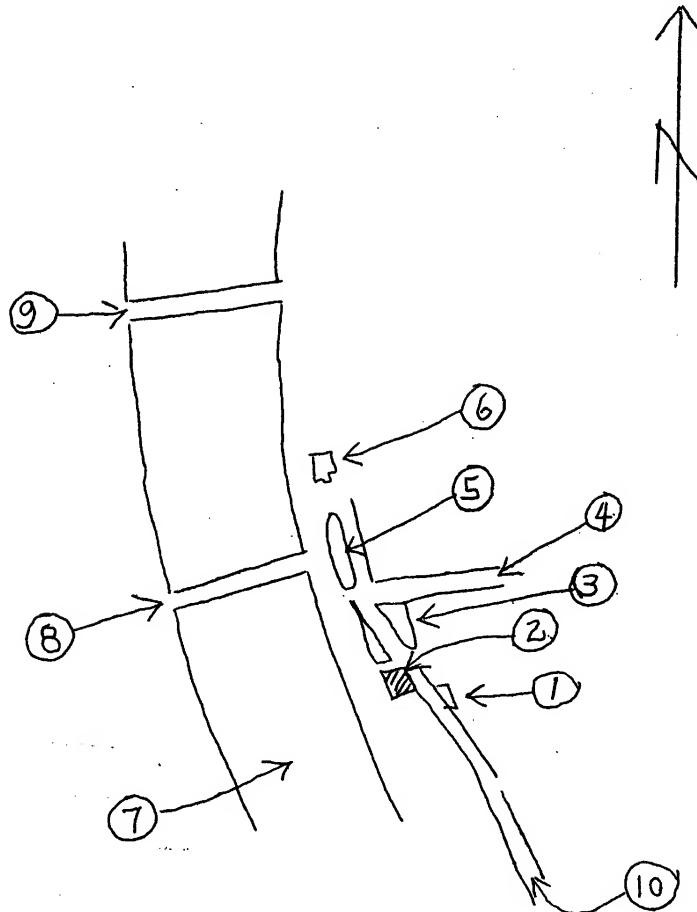
47°30'



BUDAPEST, HUNGARY, SHOWING LOCATION
OF NIKEX BUILDING

25X1

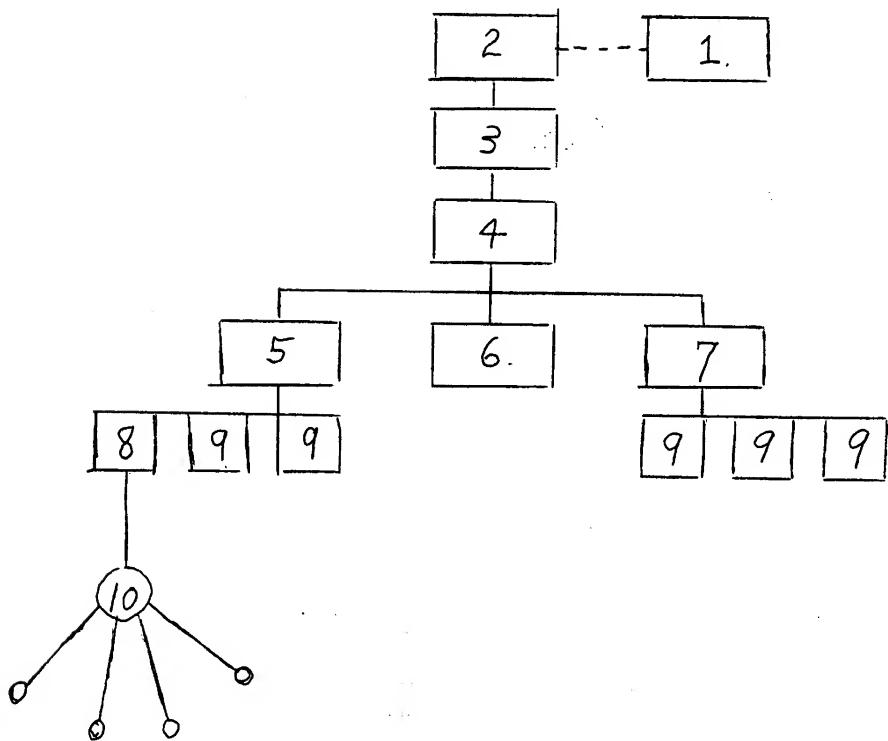
C O N F I D E N T I A L

ENCLOSURE (B)

C O N F I D E N T I A L

C O N F I D E N T I A L

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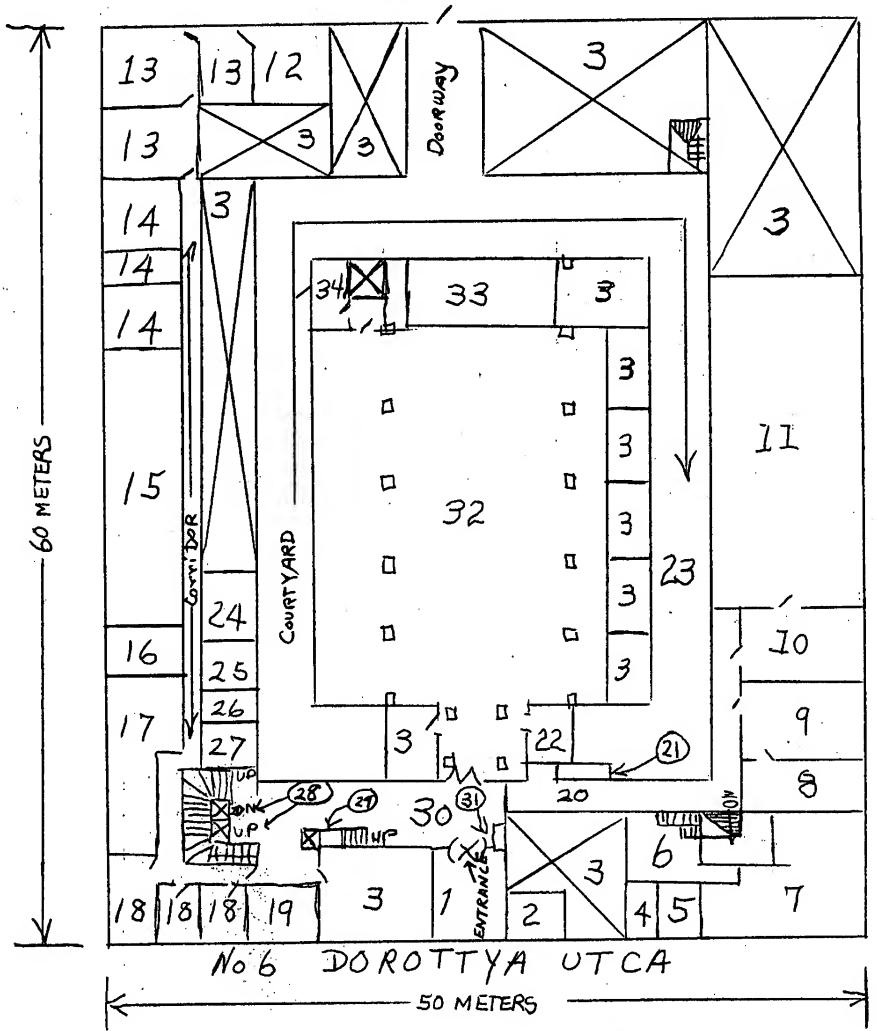
ENCLOSURE (C)

[] SKETCH SHOWING THE ORGANIZATION OF NIKEX

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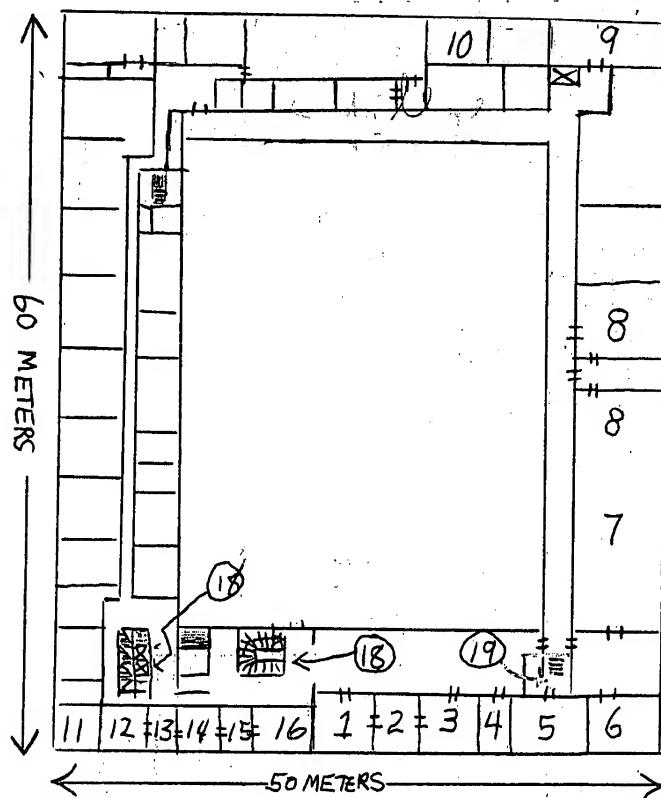
C O N F I D E N T I A L

ENCLOSURE (D)

SKETCH SHOWING THE MAIN FLOOR LAYOUT OF THE NIKEX BUILDING

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ENCLOSURE (E)

SKETCH SHOWING THE SECOND FLOOR LAYOUT OF THE
NIKEX BUILDING

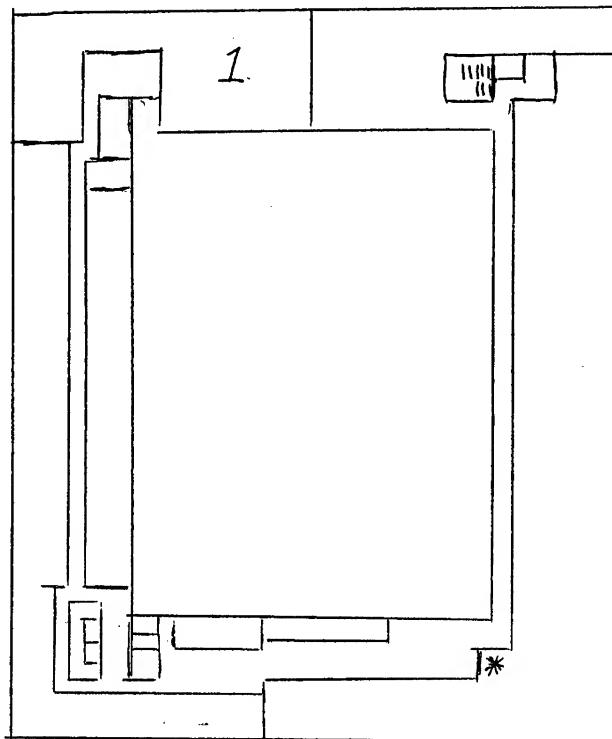
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ENCLOSURE (F)



SKETCH SHOWING THE SIXTH FLOOR LAYOUT OF THE NIKEX BUILDING

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